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Assessment of the United Nations Centre for Human Settlements

Report of the Secretary-General

1. The Secretary-General, in a note submitted to the General Assembly at its fifty-second session, *inter alia*, informed the Assembly that the terms of reference for the assessment of the United Nations Centre for Human Settlements had been submitted to the commission on Human Settlements and that work on the assessment was under way (A/52/539). However, given the transition in the executive leadership of the Centre, and since the exercise needed to be completed in the light of the ongoing process of reform of the United Nations, the Secretary-General intended to submit the final report on the assessment to the Assembly at its fifty-third session, in accordance with his report on renewing the United Nations: a programme for reform (A/51/950, sect. V.D, action 12).

2. After its consideration of the above-mentioned note, the General Assembly, in its resolution 52/190 of 18 December 1997, requested the Secretary-General to submit to it at its fifty-third session the comprehensive and in-depth assessment of the Centre with a view to its revitalization called for in paragraph 19 of Assembly resolution 51/177 of 16 December 1996, taking into account Commission resolution 16/8 and other relevant resolutions adopted by the Commission at its sixteenth session.

I. Basis and scope of the assessment

3. The present assessment is based on several studies carried out since the Second United Nations Conference on Human Settlements (Habitat II), held in Istanbul from 3 to 14 June 1996, including the so-called four-nation study on the assessment of the organization and management of the United Nations Centre for Human Settlements (Habitat) (H5/C/16/CRP.7), which was sponsored by Denmark, the Netherlands, South Africa and Uganda, and on the report of the Office of Internal Oversight Services on the review of the programme and administrative practices of the Centre (A/51/884, annex).

4. In addition, the Task Force on Environment and Human Settlements made some specific recommendations to strengthen the Centre and the United Nations Office at Nairobi (A/53/463). Those recommendations have been taken into account in the present assessment. The relevant recommendations of the Board of Auditors[1] have also been taken into account, as well as the resolutions of the Commission on Human Settlements at its sixteenth session.[2]

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II. Current work programme of the Centre

5. The approach followed by the Centre in managing its substantive work has so far revolved around what is referred to as the work programming and budgeting process. The work programming and budgeting process was designed largely for managing the utilization of the regular budget. It was seen as mandate-driven, and implemented by the Research and Development Division, where a majority of the posts were funded from the regular budget, whereas operational activities, demand-driven and mostly funded by extrabudgetary resources, were predominantly implemented by the Technical Cooperation Division.

6. The financial constraints on the United Nations system has led to greater attention being paid to extrabudgetary resources in programme budgeting procedures. In the past, the Centre has treated the programme planning process as an external bureaucratic requirement, rather than an opportunity for conducting integrated planning capable of galvanizing various activities of the Centre into concerted action. Some of the shortcomings of the process as practised in the Centre can be summarized as follows:

(a) Lack of internal coherence in the subprogrammes as depicted in the work programme. Policy guidelines were not based on lessons learnt by the Centre and were not necessarily used in carrying out operational activities;

(b) Most of the normative activities were mandate-driven and few attempts were made to prioritize activities into an integrated Centre-wide policy;

(c) The work-programme process suffered from a lack of staff participation and was based on a top-down approach;

(d) The Centre, in most cases, failed in transforming its operational activities into policy statements or normative positions. Such policies would give greater meaning to the activities of the Centre and help improve the profile of the organization at the global level.

III. Restructuring proposals

7. Since Habitat II, a series of internal reports on restructuring have been compiled by the Centre. The elements taken into account included the mandate and functions of the Centre as expanded at Habitat II; a changing funding environment; the role and functions of other agencies; the overall reform of the United Nations; consideration of obstacles to an opportunities for restructuring arising from the United Nations system and external political dynamics; changing patterns of work within the Centre associated with increasing earmarked resources; identification and evaluation of the strong programmes and projects in the Centre with a view to building on existing strengths; and the increase in cooperation of non-State partners with the United Nations system.

8. The problems of dispersed and insufficiently focused activities has been addressed in various proposals by the Centre for restructuring the organization. It has been agreed that the Centre should be reorganized along programmatic lines. Progress has been made in introducing mechanisms for self-evaluation at the subprogramme level, as well as in the overall work of the Centre. The establishment of a Programme Review Committee and the formulation of instructions for the Centre to carry out self-evaluation at the subprogramme level are particularly noteworthy.

IV. Finance

9. The financial situation of the Centre is precarious because of a variety of external factors, notably a sizeable decline in core programme resources and a corresponding increase in earmarked contributions, and also because of the lack of timely management response. The financial problems of the Centre stem largely from its inability to utilize resources efficiently and with transparency. In fact, the trend towards earmarking of funds by donors was prompted by the absence, in respect of the United Nations Habitat and Human Settlements Foundation, of proper financial control. The lack of decisive and immediate action to control expenditures and to institute financial management instruments has undermined the performance of the Centre and created donor mistrust.

10. While the merger of the divisions of administration of the United Nations Environment Programme (UNEP) and the Centre into the United Nations Office at Nairobi in 1996 did not initially produce a corporate identity, the measures put in place to strengthen the management of the Office now enable it to fulfil those tasks in a more satisfactory manner.

V. Strengths and weaknesses of the Centre

11. In the context of the present assessment, the strengths, weaknesses, opportunities and uncertainties facing the Centre were also analysed. The substantial strengths of the Centre can be summarized as follows: a committed and well-qualified staff; extensive experience in the field of human settlements; a number of good and well-funded programmes; a strong mandate and well-defined area of responsibility; a relatively small size and flexibility; and the capacity to successfully organize and manage a major international event (Habitat II) and to focus the international community on priority issues in the field of human settlements and shelter. As far as weaknesses are concerned, the following have been identified: a lack of clear long-term strategic direction; an insufficient emphasis on global normative and policy activities; overly dispersed activity and insufficient focus; poorly developed tools to evaluate impact; and a deteriorating financial situation and weakening economic platform.

12. The rather weak resource base, owing to an increasing tendency by donors to earmark funds and a corresponding decline in core programme resources, creates an atmosphere of uncertainty and makes realistic programming difficult. The increased competition among agencies providing technical assistance in the field of human settlement poses another threat to the position of the Centre, as does the tendency under bilateral arrangements to give priority to private companies, universities and international non-governmental organizations to manage particular programmes. Such realities demand that the Centre should do its job better and reposition itself to protect its share of an increasingly competitive market.

13. The Centre will have to play a more innovative and creative role in mobilizing funds by providing intellectual leadership in developing its programme framework; organizational leadership in bringing together the main actors; and financial leadership in using its own resources to leverage additional funds.

14. The Centre must therefore prepare itself to rise to both the challenges and opportunities presented by globalization, the continued decline in core programming resources and the emergence of a competitive market for technical cooperation. Change is necessary if it is to fulfil its role and prosper. The crucial challenge is for the Centre to develop its strategic vision and direction, clarify its mission, focus on limited areas in order to redirect its assessments and strategies and in so doing to make the maximum contribution to human settlements development and the implementation of the Habitat Agenda.

VI. General management

15. The following recommendations have been made regarding the general management of the Centre:

(a) The Centre should build on its success in achieving a higher external profile. A plan for promoting its external image as well as developing and reinforcing its relationship with partners should be drawn up;

(b) Senior management should pay particular attention to improving the internal leadership of the Centre;

(c) Senior management should strive for as much transparency in its activities and decision-making process as possible;

(d) The Centre must put a set of clear and well-defined corporate policies in place. A number of such policies have already been elaborated, but the implementation has been slow. What is needed is to bring them together to give a clear indication of corporate direction and to guide their implementation;

(e) Horizontal and vertical communication is clearly a major problem in the organization and should be addressed as a priority;

(f) The Centre must take steps to develop formal processes of institutional learning.

VII. Financial management

16. Financial management needs to be improved as a matter of priority through the following actions:

(a) Whatever restructuring process is undertaken, it is recommended that the Centre develop and implement a short-, medium- and long-term financial strategy. Special attention should be given not only to the magnitude of funds, but particularly to the complex problem of their composition;

(b) The Centre must pay serious attention to fund-raising. Dedicated and high-level resources are considered necessary for that purpose;

(c) The United Nations Office at Nairobi must continue to improve its financial reporting services and systems so as to allow the Centre to exercise continuous and updated oversight of financial affairs;

(d) The financial basis of the Office must be addressed as a matter of urgency, particularly in the light of the deteriorating financial prognosis for UNEP (the other contributor to the Office) and the need for additional resources for strengthening the programmes of the Office.

VIII. Programme and project management

17. The programme and project management of the Centre should adopt an integrated planning approach based on the following requirements:

(a) Creative rather than formulative use should be made of the medium-term plan, the work programme and the budget process in order to build a clear sense of corporate direction;

(b) Strategic planning and policy guidance need to be developed and systematically linked to the process of evaluation and institutional learning;

(c) The Centre should identify the cross-cutting functions that must be addressed in every subprogramme. If poverty, environment, gender and governance are considered as priority themes, they should be reflected in the design of the related substantive subprogrammes;

(d) Policy guidelines of parameters for formulation and implementation of projects and programmes, in line with a shared strategic outlook, should be drawn up for the Centre as a whole, and all divisions should be required to work within those parameters.

IX. Revitalization

18. Following the report of the United Nations Task Force on Environment and Human Settlements, the Acting Executive Director of the Centre established a revitalization team including experts from Norway, South Africa and the United Kingdom of Great Britain and Northern Ireland. Those experts were assisted by a representative from the Programme Support Services of the United Nations International Drug Control Programme, nominated by the Department of Management of the Secretariat to provide advice on administrative and financial aspects. The team started its work in September 1998 and is expected to complete its task by the end of December 1998. It is to make specific recommendations in order to:

(a) Streamline administrative and financial routines, including specific training of personnel and the provision of adequate technical equipment to overcome current problems at the Centre;

(b) Strengthen the core normative functions of the Centre;

(c) Propose priorities for a more focused agenda for the Centre in the coming years so as to better utilize all the expertise and knowledge available and make the various parts of the Centre work together to achieve maximum synergy;

(d) Recommend necessary changes in the organizational structure of the Centre.

19. The basis for the work of the revitalization team will be the reports mentioned in paragraphs 3 and 4 above. The team will review the recommendations made, their implementation and their effectiveness and make additional proposals where necessary. The Task Force also made some specific recommendations to strengthen the Centre and the United Nations Office at Nairobi. The team will make full use of the recommendations and develop adequate proposals for immediate implementation.

20. While consulting with the senior management and staff at the Centre, the team will develop its own proposals for decisions by the Acting Executive Director, who attaches the highest priority to the work of the team. Senior management has accordingly been instructed to bring all important issues, especially of a policy nature, to the attention of the team leader. The revitalization work is being undertaken by the team in full transparency and it is cooperating closely with the Committee of Permanent Representatives to the Centre. The Acting Executive Director expects to implement the recommendations from the team after consultations with the Committee in order to complete the revitalization of the Centre before the next session of the Commission on Human Settlements to be held in Nairobi from 5 to 14 May 1999. The work programme of the Centre for the biennium 2000–2001 currently under preparation will translate the revitalization process into programmatic priorities and focus on the implementation of the Habitat Agenda at the global, regional, national and local levels.

Notes

[1] See *Official Records of the General Assembly, Fifty-first Session, Supplement No. 5H* (A/51/5/Add.8).

[2] See *Official Records of the General Assembly, Fifty-second Session, Supplement No. 8* (A/52/8).